

Message Text

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C O N F I D E N T I A L CAIRO 09887

EXDIS

E.O. 11652: GDS
TAGS: ESTC, MILI, PARM, EG, US, XF
SUBJECT: ROCKWELL INTERNATIONAL CONTACTS WITH AOI

1. ROCKWELL INTERNATIONAL MIDDLE EAST MANAGING DIRECTOR GUENTHER AND REGIONAL DIRECTOR SANDS RECENTLY CALLED ON AMBASSADOR TO BRIEF HIM ON ROCKWELL'S CONTACTS WITH ARAB ORGANIZATION FOR INDUSTRIES (AOI). GUENTHER AND SANDS RELATED THEY HAD SHORT TIME BEFORE RETURNED TO CAIRO FROM LONDON, WHERE THEY HAD MET AOI CHAIRMAN, DR. ASHRAF MARWAN.

2. ROCKWELL, ACCORDING TO GUENTHER, HAS OBTAINED NECESSARY OMC CLEARANCES FOR SALE OF 20-25 MILLION DOLLARS WORTH OF COMMUNICATIONS AND AVIONICS EQUIPMENT TO AOI FOR LATTER'S WESTLAND LYNX HELICOPTER PROGRAM. GUENTHER PROVIDED COPY OF LETTER, DATED MARCH 15, TO AOI OFFICIAL SETTING FORTH DETAILS AND UNIT PRICES. GUENTHER NOTED THAT MARWAN'S ORIGINAL IDEA HAD BEEN TO CO-PRODUCE EQUIPMENT WITH ROCKWELL. MARWAN REALIZED, HOWEVER, THAT POLITICAL DIFFICULTIES IN OBTAINING NECESSARY CLEARANCES, IN ADDITION TO RELATIVELY SMALL SIZE OF AOI REQUIREMENTS, MAKE CO-PRODUCTION INFEASIBLE. GUENTHER APPEARED SATISFIED THAT DEAL FOR COMMUNICATIONS AND AVIONICS EQUIPMENT PROCEEDING ON TRACK.

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PAGE 02 CAIRO 09887 031803Z

3. GUENTHER SAID MARWAN ALSO RAISED POSSIBILITY OF ROCKWELL DEVELOPMENT OF ELECTRONIC PACKAGE FOR ALPHA JET TRAINERS FOR WHICH AOI HAS RECENTLY SIGNED A PROTOCOL. ROCKWELL HAS NOT YET ACTED ON MARWAN'S SUGGESTION, BUT PLANS TO OPEN DISCUSSION SHORTLY WITH AOI. HE ASKED FOR EMBASSY OPINION OF ANY POSSIBLE USG OBJECTION TO PURSUING

PROPOSAL.

4. AMBASSADOR POINTED OUT THAT THUS FAR THERE IS NO OFFICIAL USG POLICY ON HOW TO DEAL WITH AOI REQUESTS FOR DEFENSE-RELATED EQUIPMENT. IN THAT SENSE, THE OMC CLEARANCES REPORTEDLY OBTAINED BY ROCKWELL FOR SALE OF COMMUNICATIONS AND AVIONICS EQUIPMENT (IF CORRECT) REPRESENT A POSITIVE DEVELOPMENT. THE AMBASSADOR NOTED, HOWEVER, THAT ANY PROPOSAL TO ENHANCE THE CAPABILITY OF THE ARAB AIR FORCES MIGHT WELL ENCOUNTER ROUGH GOING. HE SUGGESTED ROCKWELL DISCUSS PROPOSED ALPHA JET TRAINER ELECTRONIC PACKAGE WITH APPROPRIATE OMC OFFICIALS.

5. COMMENT: JUDGING FROM THE LIST GIVEN US BY ROCKWELL, AOI SEEMS TO HAVE MADE A LEGITIMATE REQUEST FOR NON-LETHAL EQUIPMENT. WE BELIEVE THAT IT IS TIME TO TAKE A POLICY DECISION ON AOI REQUESTS. AOI'S CHAIRMAN, DR. MARWAN, IS ALSO STILL A PROMINENT EGYPTIAN POLITICAL FIGURE, AND OUR FAILURE THUS FAR TO ARRIVE AT A POLICY DECISION IS NOT HELPING OUR RELATIONS WITH HIM. PLEASE ADVISE IF IT IS TRUE THAT OMC HAS APPROVED ROCKWELL COMMUNICATIONS AND AVIONICS EQUIPMENT PROPOSAL TO AOI. IF NOT, WE WOULD HOPE THAT OMC WOULD BE PREPARED TO STUDY THE PROPOSAL AND APPROVE IT SINCE IT IS ENTIRELY NON-LETHAL IN NATURE.
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